

Message Text

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ORIGIN EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 NIC-01 SAJ-01 SAM-01 NSCE-00 COME-00

TRSE-00 CIEP-01 /065 R

DRAFTED BY EA/ROC:KJWEAVER:ARCK

APPROVED BY EA:WHGLEYSTEN

AID/ASIA/EA - W. HALL

AID/AA/EA - G. ZIMMERLY (DRAFT)

----- 032025

R 290128Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

INFO USLO PEKING

AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 071660

E.O. 11652:GDS

TAGS: EAID, TW

SUBJECT: RENEWAL OF SAFED AGREEMENT

REFERENCE: (A) TAIPEI 0699

(B) TAIPEI 1358

1. STATE/AID HAVE REVIEWED CAREFULLY ARGUMENTS DETAILED
REFTEL A FOR A RENEWAL OF THE SAFED (SINO-AMERICAN FUND
FOR ECONOMIC AND SOCIAL DEVELOPMENT) AGREEMENT.

2. THE THRUST OF MOST OF THESE ARGUMENTS IS THAT RENEWAL
IS WARRANTED IN ORDER TO PRESERVE THE EXISTING GROG
BUREAUCRATIC ORGANIZATION ARISING FROM SAFED. WE BE-
LIEVE THAT ROC'S RECORD OF ACCOMPLISHMENT IS SUCH THAT
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THERE IS NO LONGER ANY NEED TO PRESERVE ANY US INFLUENCE,

NO MATTER HOW LIMITED OR INDIRECT, OVER THE GROC'S APPROACH TO ITS OWN BUREAUCRATIC STRUCTURE. WE ALSO BELIEVE ACCOMPLISHMENT OF THE ECONOMIC AND SOCIAL OBJECTIVES EMBODIED IN THE AGREEMENT AS WELL AS ADMINISTRATIVE DISPOSITION AND AUDITING OF SAFED FUNDS SHOULD BE THE SOLE RESPONSIBILITY OF THE GROC. AMENDMENT OF THE AGREEMENT TO TERMINATE OUR POST-EXPENDITURE AUDIT AND ANNUAL REVIEW FUNCTIONS WOULD, IN ANY CASE, REMOVE THE REMAINING VESTIGES

OF USG RESPONSIBILITY RE SAFED. ACCORDINGLY, YOU SHOULD INFORM THE GROC THAT IT IS THE INTENT OF THE USG TO ALLOW THE SAFED AGREEMENT TO EXPIRE ON JUNE 30, 1975.

3. WE FULLY APPRECIATE THE SYMBOLIC SIGNIFICANCE WHICH THE GROC ATTACHES TO SAFED AS EVIDENCE OF CONTINUED USG INTEREST IN THE FUTURE OF TAIWAN (REFTELA). HOWEVER, GIVEN THE RECENT RENEWAL OF THE US-ROC SCIENCE AND TECHNOLOGY AGREEMENT AND THE PENDING CONCLUSION OF THE NEW BILATERAL TAX TREATY, WE DOUBT THAT THE ROC WILL ATTACH UNDUE POLITICAL SIGNIFICANCE TO OUR INTENT TO ALLOW THE SAFED AGREEMENT TO EXPIRE. IF NECESSARY, YOU SHOULD ASSURE THE GROC THAT OUR DECISION IS BASED SOLELY ON ADMINISTRATIVE CONSIDERATIONS. KISSINGER

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Margaret P. Grafeld
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